

Before The
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Large-Size First-Class Presort Postcard

Docket No. MC2021-104

PUBLIC REPRESENTATIVE COMMENTS
(July 6, 2021)

On June 23, 2021, the Postal Service filed a notice of a change to the size limitations for presorted First-Class Mail postcards in section 1110 of the Market Dominant Product List in the Mail Classification Schedule (MCS).¹ The Commission established this docket on June 4, 2021, to consider matters raised by the Notice and appointed the undersigned to serve as Public Representative.²

I. INTRODUCTION

The proposed change would increase the length limitation for presorted postcards from 6 inches to 9 inches and the height limitation from 4 ¼ inches to 6 inches. Notice at 1. The Postal Service plans to implement this change on August 29, 2021, at the same time it implements price changes that are currently under review in the pending market dominant rate adjustment proceeding in Docket No. R2021-2.³

II. COMMENTS

The Commission's regulations require the Postal Service to demonstrate that proposed updates in size and weight limitations for market dominant mail are "in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code." See 39 C.F.R. § 3040.211(a)(3). The Postal Service addresses that requirement by

¹ Notice of the United States Postal Service of Update to the Maximum Size Limit for Presorted First-Class Mail Postcards, June 23, 2021 (Notice). Attachment 1 to the Notice shows conforming changes to the MCS. The Notice was filed pursuant to 39 C.F.R § 3040.211.

² Notice and Order Concerning Update to the Maximum Size Limit for Presorted First-Class Postcards, June 24, 2021, at 3 (Order No. 5926).

³ *Id.* See Docket No. R2021-2, Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, June 1, 2021 (Docket No. R2021-2).

discussing the impact of its proposal on users and competitors and by discussing applicable statutory criteria in chapter 36 of title 39. *Id.* at 2-3, 4.

A. Impact of the Proposal

According to the Postal Service, its proposal is the result of outreach to the mailing industry in an effort to increase the value of mail offerings. *Id.* at 2. The proposed change has been limited to Presorted First-Class Mail postcards because presorted postcards are used predominantly by commercial mailers. *Id.* at 2, 3. The Postal Service expects the proposed size increase to enhance the value of presorted postcards by facilitating their use for combined promotional and non-promotional content. *Id.* The larger size would also arguably create new opportunities for mailers to use new technologies and thereby enhance the effectiveness of their mailings.⁴

Additional advantages identified by the Postal Service include the ability of commercial mailers to use the additional space on postcards to defray some of the costs of their mailings and the encouragement of new uses for commercial postcards. *Id.* at 3. The Postal Service states that its proposal would increase, not restrict, mailers' current options, because mailers could continue to send the size postcards they are currently mailing. *Id.* Finally, the Postal Service asserts that the proposed change "is expected to have no more than a negligible impact" on its competitors. *Id.*

The Postal Service limits its assessment of the impact of its proposal to the impact on users and competitors. However, it avoids any discussion of the anticipated impact of the proposal on its own revenues. For example, under its proposal, smaller postcards (such as those subject to the current length and height limitations) and larger postcards (such as those that will take advantage of the proposed length and height limitations) will pay the same postage rates.⁵ Putting aside the question of whether larger postcards will run on the same or different processing machines (which could affect costs and efficiencies with possible

⁴ *Id.* at 2-3 (citing the Postal Service's promotional offerings described in Docket No. R2021-2).

⁵ *Id.* at 4 ("...no volume would see a rate increase because all existing presorted postcard volume will continue to be eligible."). See also Docket No. R2021-2, United States Postal Service Notice of Market-Dominant Price Change, May 28, 2021, Attachment A at 17-19.

spillover effects on cost avoidances), the availability of large-size postcards with their ability to convey more information per card could result in reduced overall presort volume. This possibility seems to be implicit in the Postal Service's statement that "[c]ommercial mailers can utilize the additional space to defray come of the cost of mailing presorted postcards."⁶

B. Applicable Statutory Criteria

With respect to 39 U.S.C. § 3622, the Postal Service states that it "is not seeking to assess a price cap effect from any First-Class Mail volume that may migrate into presorted postcards and thereby see a rate decrease." *Id.* at 4. By not explaining what type and how much First-Class Mail volume might migrate into presorted postcards to seek a rate decrease, the Postal Service again leaves open the possibility that the net effect on Postal Service revenues might be negative.

C. Conclusion

To permit a better understanding to the proposal, the Commission should require the Postal Service to explain the anticipated impact of the proposal on its revenues.

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⁶ Notice at 3. Similarly, the Postal Service notes that some companies "could pair promotional information with their mailings to offset costs." *Id.*